

New Hampshire Racing & Charitable Gaming Commission
Commission Meeting
Concord Office
September 24, 2010 (amended)
10-11

Present: Timothy J. Connors, Chairman
Warren W. Leary, Secretary
Michael J. Gatsas, Member
Anthony B. Urban, Member
Bernard A. Streeter, Member
Lynn M. Presby, Member
Paul M. Kelley, Director
Sudhir K. Naik, Deputy Director
Charles Saia, Legal Coordinator
Steve Johnston, Supervisor Gaming Operations
Billie Jean Arseneault, Gaming/Licensing Supervisor
William Dewhurst, Sr. Auditor
Linda Glaser, Auditor

In Attendance: Marlin Torguson, Rick Newman, Jamie Timbas, Daniel Mullen, Dan Callaghan, Kory Kamke, Susan Geiger, Averill Cate, Jan DiMarzio, Dick Anagnost, George Roberts, Nick Bernardi and others.

The Chairman called the meeting to order at 11:00am.

On a motion by Commissioner Presby, seconded by Commissioner Leary and unanimously voted to amend the August 24, 2010 minutes on page 2, the motion listed under “New Games Submission” by eliminating the words “streamline the approval process”.

On a motion by Commissioner Streeter, seconded by Commissioner Leary and unanimously voted to approve and place on file the amended Commission minutes dated August 24, 2010.

On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to accept and place on file the racing & charitable gaming statistics for the fiscal period ending September 14, 2010.

The Games of Chance warning letters spreadsheet were reviewed. Deputy Director Naik stated all responses have been received.

The Games of Chance State Revenue spreadsheets were reviewed. On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to accept and place the spreadsheets on file.

Rulemaking Process:

Legal Coordinator Saia presented, for information only:

a. Pari 1210.01 addressing the on-going needs of the licensing and enforcement divisions of the RCGC. The initial proposal was approved at the last Commission meeting. This remains a work in progress, moving to JLCAR with the financial impact statement.

b. Licensees' draft to Pari 1002.04, 1010.02, 1010.02H and 1010.02J pertaining to the concept of linked bingo, a/k/a shared bingo, a/k/a/Bingo Mundo.

c. Draft of the initial proposal to amend Pari 1212.02 to include financial information that the games of chance licensees will be required to submit. Legal Coordinator Saia and Deputy Director Naik are working on this proposal.

Action Items:

a. "Netting House Games": Director Kelley requested staff have more time, that more work needs to be done. On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to table the discussion.

b. Technology Exclusive dispensing device: Attorney Susan Geiger stated that she has been working with her client, Technology Exclusive, and the NH-RCGC to "fine tune" the machines to comply with the rules and regulations stated in Pari 1112.06(e) and the tickets to comply with Pari 1112.05. Representatives from Technology Exclusive demonstrated how to play the machine, the point of sales terminal, and the tickets. Attorney Geiger advised the Commission that they should soon receive a report from Eclipse Testing, an independent testing lab, pertaining to the machines being tamper-proof. Director Kelley suggested that before approval of the machine, staff needs to conduct further study and that some boiler plate rules need to be in place. Discussion ensued on many topics such as the point of sales device, the location of the server and back-up server, the tracking of state, charity and patron revenue, and the cost to purchase or rent the machine, among others. It was pointed out the Commission has 45 days from the date of this meeting to approve or disapprove the manufacturing license. On a motion by Commissioner Gatsas, seconded by Commissioner Presby and unanimously voted that staff continue to study the machine's "brain of the operation"; that is, to ensure that the point of sales device properly accounts for the allocation of funds to the charity, the patron and the state, and that staff continue to work with Attorney Geiger to iron out any subsequent issues.

At 10:45 a.m., a recess was called. At 10:55 a.m., Chairman Connors called the meeting to order.

c. Instant/Historical Racing: Study is a work in progress. Staff is in the process of fact-finding and compiling a list of questions. Work will not be completed before the next commission meeting. Mr. Newman reminded the Commission that Instant/Historical Racing had been presented to legislature as a stand-alone bill, passing the Senate but not the House. On a motion by Commissioner Urban, seconded by Commissioner Leary and unanimously voted to table the discussion.

d. Staff to develop standards to streamline Approval Process for Lucky 7 dispensing devices: As amended in the minutes by Commissioner Presby, the work is to "establish standards" not "streamline" standards. This remains a work in progress.

e. Lottery-Scratch and Win promotion: A letter was received from the NH State Attorney General's office. The matter is under consideration by the Commission and an opinion and decision will be offered at the upcoming November meeting.

f. Ellas Distributors to provide paper on Lucky 7 Dispensing Device qualifications: The white paper was received too late for proper review prior to this meeting. Attorney Mullen addressed the Commission stating that their application for machine approval would be submitted before the close of business (4:00 pm) that day, September 24, 2010. It was agreed that the work sessions would run concurrently, for 45 days, with those of Technology Exclusive. Attorney Mullen stated that he believed under RSA 287E NH-RCGC Commission has the authority to approve Lucky7 machines. On a motion by Commissioner Gatsas, seconded by Commissioner Leary and unanimously voted to place the correspondence on file.

Correspondence was reviewed.

a. New England Association of the American Athletic Union of the United States (NEAAU) status: A \$19,790.00 Carryover-Coverall game was played on September 27, 2010 to disburse the funds to the wagering public. The game was played at a Bingo session conducted by the licensed charity Brain Injury Association of New Hampshire (BIANH). Prior to the game, BIANH announced to the public that the game would be held. All NEAAU licenses issued by NH-RCGC have been revoked. At this time, no further action is required.

b. Proposal RSA (284-A) to be introduced in upcoming legislative session: Communication for review was received from Mr. Newman. Information only, no action is required.

c. Summary of RCGC monthly activities for August 2010: Lists speak for themselves, no action is required.

RCGC monthly activities for August 2010:

General:

- Received and reviewed various correspondences from licensees and attorneys representing licensees relative to introduction of new machines and games, researched rules and statutes to determine legality of issues for appropriate recommendations to the Commission.
- Continued to address employee grievance with SEA representatives.
- Reviewed and analyzed final amended extension and delegation of authority to University of Florida contract. Corresponded with University of Florida's Attorney General's office regarding authority to sign and enter into agreements.
- Reviewed documentation received for submission and review by AG's office.
- Responded to various requests under the right to know law RSA 91-A.
- Presented Draft Initial Proposal to RCGC at Commission Meeting. Three (3) basic financial documents to be required of operators prepared in accordance with GAAP, and tax returns of corporation or individuals filed with the IRS.
- Worked on initial rule proposals and analyzed proposed rules from licensee.
- Initial discussion with members of GOC roundtable to promulgate rules on SB 367.

Administrative Staff Meeting/Training/Site Visits:

- Attend fleet management work group meetings (monthly).
- Site visit to Yankee Greyhound Poker room in Seabrook.
- Attend budget review meeting & data entry training.
- Attend monthly human resource meeting conducted by DAS.

Licensing/Enforcement:

- Issued 218 new and renewal licenses including (17) Games of Chance, (82) Bingo, (94) Lucky 7 and (25) Game Operators.
- Processed (267) financial reports for Bingo/Lucky 7 and Games of Chance.
- Addressed various non-compliance and licensing issues with licensees.

Accounting/Finance/Administrative:

- Processed AP invoices and CR revenue transactions in databases and Lawson.
- Payroll processing (bi-weekly).
- Commission meeting and agenda minutes.
- Monthly revenue transfers to Education Trust Fund (\$78,000) and General Fund (\$72,000).
- Month-end reconciliations (databases vs. Lawson) – Paristat, Bingo/L7, GOC.
- Racetrack employee licensing (1 license processed in Aug.).
- Human resource assistance as necessary.
- Mail, phones, customer service, filing, scanning, order office supplies, bank deposits.
- Weekly visits to racetracks.
- Monthly reconciliations of GOC data entry.
- FY10 - Annual Report preparation, verified financial closing lapses for all org's.
- FY 12/13 Budget work – IT budget reviewed and submitted to DOIT. History Reconciliation.
- FY11 – Withheld first 10% Gambling Winnings Tax from Outs payments.
- Responded to various questions from DAS regarding A/R collection process, verification of position waiver expenditures.
- Arranged Flu Shot Clinic for agency employees, as well as other agencies in our building, to be held in Oct/Nov.

Audit:

- Reviewed and submitted the monthly Pari-Pool information.
- Reviewed June Financial Reports of the Lodge at Belmont.
- Continued development of Bingo Audit Program and Interview Questions.
- Created a spreadsheet that compiled the data of Lucky 7 Vending Machine locations.
- Site visit to Manchester Bingo Center.
- Training session on bingo machines and paper at Community Bingo Center.
- Continued completing work papers and audit observations for Concord Bingo Too, LLC audit.
- Worked with Legal Coordinator to reach agreements on Seacoast Poker audit findings.
- Assembled Game Operators for their input on “netting house winnings” and issued brief report to the Commission.
- Researched issues of “points tournaments”.
- Site visit to Universal Gaming in Manchester.
- Reviewed proposed games for recommendations to the Commission.

Old Business:

None

New Business:

None

Other Business:

- The Annual Report was accepted by the Governor and placed on file.
- Commissioner Urban has been nominated to serve another term.
- On Tuesday, October 12, 2010, at the NH-RCGC office in Concord, NH at 10:00a.m., a meeting on rule promulgation will be held.
- The next Commission meeting is scheduled for Tuesday, November 16, 2010 at the NH-RCGC office beginning at 11:00 a.m.

At 11:15 a.m., on a motion by Commissioner Streeter, seconded by Commissioner Urban and by a unanimous roll call vote the Commission voted to adjourn the regular meeting, and go into nonpublic session.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

At 12:00 p.m., on a motion by Commissioner Leary, seconded by Commissioner Urban and by a unanimous roll call vote the Commission voted to come out of the nonpublic session and to permanently seal the nonpublic minutes.

Connors	-	Yes
Leary	-	Yes
Gatsas	-	Yes
Presby	-	Yes
Streeter	-	Yes
Urban	-	Yes

The Chairman closed the public meeting at 12:05 p.m.

Respectfully Submitted,

Warren W. Leary, Jr.
Secretary